

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)			
ADJUSTMENT FILING OF WESTERN)	CASE	NO.	99-070-D
KENTUCKY GAS COMPANY)			

O R D E R

On December 21, 1999, in Case No. 99-070, the Commission approved certain adjusted rates for Western Kentucky Gas Company ("Western") and provided for their further adjustment on a quarterly basis in accordance with Western's gas cost adjustment ("GCA") clause.

On May 25, 2000, Western filed an interim GCA to be effective July 1, 2000 through July 31, 2000. In support of its interim filing to pass along a significant and unexpected increase in wholesale gas cost, Western stated that the interim filing was an attempt to keep up with recently escalating wholesale natural gas prices.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Western's notice proposes revised rates designed to pass to its firm sales customers an expected wholesale increase in gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$3.9381 per Mcf, an increase of 59.99 cents per Mcf from the previous EGC. The EGC proposed for high load factor ("HLF") firm customers is \$3.3788 per Mcf.

Western also proposes to pass to its interruptible customers a wholesale increase in gas costs. Western's proposed EGC for interruptible sales customers is \$3.3788 per Mcf.

2. Western's proposal set out no current period refund adjustment ("RF"). The total refund factors of .51 cent per Mcf for firm sales customers and HLF customers and .51 cent per Mcf for interruptible customers reflect adjustments from previous months.

Western's notice set out no refund adjustment for T-2 firm and T-2 interruptible transportation customers.

3. Western's notice set out no correction factor ("CF") for this period. The current CF of 25.02 cents per Mcf will remain in effect until November 1, 2000. The CF is designed to collect net under-collections of gas cost from the seven-month period ending January 31, 2000.

4. Western's notice sets out its Performance Based Rate Recovery Factor ("PBRF") of 9.34 cents per Mcf to be effective for the 12-month period beginning February 1, 2000.

5. These adjustments produce gas cost adjustments of \$4.2766 per Mcf for firm sales customers, \$3.7173 per Mcf for HLF customers, and \$3.7173 per Mcf for interruptible sales customers. The impact on firm sales customers' bills is an increase of 59.99 cents per Mcf from the previous gas cost adjustment of \$3.6767.

6. The rate adjustments in the Appendix to this Order are fair, just, reasonable and in the public interest.

IT IS THEREFORE ORDERED that:

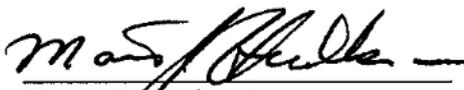
1. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for final meter readings on and after July 1, 2000.

2. Within 30 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 9th day of June, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-D DATED JUNE 9, 2000

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$4.2766 per Mcf of gas used during the billing period.

Applicable to: HLF General Sales Service

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$3.7173 per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$3.7173 per Mcf of gas used during the billing period.